



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 10, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## WASHINGTON, D.C. UPDATE

### Executive Summary

This memorandum contains a report on the following:

- **Congressional Calendar.** Congress will reconvene from its August recess on September 10, 2012. The Senate will be in session for 16 days and the House for 13 days before recessing on October 5, 2012 for the November elections and reconvening on November 13, 2012 for a lame duck session.
- **Continuing Resolution.** House Speaker John A. Boehner (R-OH) and Senate Majority Leader Harry Reid (D-NV) announced that they reached agreement on a Continuing Resolution which would fund Federal operations and programs for the first half of Federal Fiscal Year (FFY) 2013 through March 2013.
- **Across-the-Board Sequestration Spending Cuts.** On August 7, 2012, the President signed the Sequestration Transparency Act, which requires the President to submit a report to Congress within 30 days of the bill's enactment, detailing the estimated percentage reduction for each affected program and activity in FFY 2013 that would be imposed in January 2013, pursuant to the Budget Control Act of 2011.

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### **Congressional Calendar**

Congress began its August recess on August 3, 2012, and will not reconvene until September 10, 2012. The Senate currently plans to be in session for 16 days while the House plans to be in session for 13 days before both Houses recess on October 5, 2012 through the November elections. A "lame duck" session is scheduled to begin on November 13, 2012, which is expected to last through mid-December. During the lame duck session, Congress is expected to address major budget issues, commonly called "fiscal cliff" issues, such as expiring tax cuts and across-the-board sequestration cuts which are to be imposed in January 2013 under current law.

### **Federal Fiscal Year (FFY) 2013 Continuing Resolution**

Last week, House Speaker Boehner and Senate Majority Leader Reid announced that they reached agreement on a Continuing Resolution (CR), which would fund Federal programs and operations for the first six months of FFY 2013 through March 2013. As reported previously, it had been widely expected that one or more CRs would be required to temporarily fund the Federal government after FFY 2012 ends on September 30, 2012. Delaying the completion of FFY 2013 appropriations legislation until after the next session of Congress convenes in January 2013 also is not surprising. In each of the past three election years, Congress enacted CRs to temporarily extend programs into the following year instead of completing appropriations during a lame duck session. In fact, after the 2010 midterm elections, final FFY 2011 appropriations legislation was not enacted until April 15, 2011 -- more than six months after FFY 2011 began.

The Congressional leadership's decision to enact a CR extending beyond the lame duck session may have been influenced by the fact that it will be time-consuming and hard enough for Congress to resolve "fiscal cliff" issues during the lame duck session, let alone complete all FFY 2013 appropriations. To date, the Senate has not yet passed any of the 12 FFY 2013 appropriations bills, which fund discretionary programs and activities, while the House has not yet passed 5 of the 12 appropriations bills. Moreover, the House Appropriations Committee has not yet approved its Labor-Health and Human Services-Education Appropriations Bill, which historically has provided more discretionary funding to state and local governments than all of the other appropriations bills combined.

Another factor, which could affect Congressional action on FFY 2013 appropriations during a lame duck session, is that a dozen appropriators are leaving Congress at the end of this session, including Senate Appropriations Chairman Daniel Inouye (D-HI) and House Appropriations Committee Ranking Minority Member Norman Dicks (D-WA).

### **Across-the-Board Sequestration Cuts**

The Budget Control Act (BCA) of 2011 requires that approximately \$109.4 billion in across-the-board FFY 2013 sequestration spending cuts be imposed in January 2013 due to the failure of Congress to enact at least \$1.2 trillion in deficit reduction last year. Under the BCA, the \$109.4 billion in sequestration cuts would be divided evenly between defense and non-defense programs with the Office of Management and Budget determining the exact level of cuts on individual programs and activities.

On August 7, 2012, the President signed H.R. 5972, the Sequestration Transparency Act into law (Public Law 112-155), which is intended to require the Administration to provide detailed information on the estimated impacts of the BCA-required sequestration cuts in FFY 2013. Under the bill, the President is required to submit a report to Congress within 30 days of the bill's enactment, detailing the estimated percentage reduction for each program and activity and identifying each program and activity which is exempt from sequestration cuts. The report also is to include "any other data and explanations that enhance public understanding of the sequester and actions to be taken under it."

There has been growing concern about the potential adverse impacts of the sizable sequestration cuts on both defense and non-defense programs. Moreover, the BCA's sequestration cut procedures were not intended to be implemented, but, instead were intended to force Congress to enact major deficit reduction legislation, just as Congress did after the enactment of the 1985 Gramm-Rudman-Hollings deficit reduction act, which included similar sequestration procedures that were amended by the BCA. Both the Gramm-Rudman-Hollings Act and the BCA exempt certain specified programs from sequestration cuts, including many major low-income mandatory programs, such as Medicaid, Supplemental Security Income, and Title IV-E Foster Care and Adoption Assistance. H.R. 5972 instructs that the President identify each program and activity that would be exempt from sequestration cuts because questions have been raised about whether certain programs, such as child support enforcement, are exempt from sequestration cuts under the BCA.

We will continue to keep you advised.

WTF:RA  
MR:MT:ma

c: All Department Heads  
Legislative Strategist